

0340.04 Treatment of Federally Donated Property

Issued January 6, 1997

- SUBJECT:** Treatment of Federally Donated Property
- APPLICATION:** Includes, but is not limited to Executive, Judicial and Legislative Branches of State Government; tax-supported medical institutions, hospitals, clinics, health centers, museums, schools, colleges, universities and local units of government; other non-profit medical institutions, hospitals, clinics, health centers, museums, schools, colleges and universities; providers of assistance to the impoverished and to the homeless under the McKinney Act, which have been held exempt from taxation by the Internal Revenue Service under § 501(c)(3) of the Internal Revenue Code of 1954; Nonprofit and Public Programs for the Elderly, which receive funds appropriated for programs for older individuals under the Older Americans Act of 1965, as amended, under Title IV or Title XX of the Social Security Act, or under Titles VIII and X of the Economic Opportunity Act of 1964 and the Community Services Block Grant Act; and Service Educational Activities and Small Business Administration 8(a) Business Development, that meet the Federal requirements and guidelines.
- PURPOSE:** To provide for the acquisition of goods declared surplus by the Federal Government and redistribution of these goods to eligible recipients within the State of Michigan.
- CONTACT AGENCY:** Department of Management and Budget (DMB)
Acquisition Services
Logistics Division, Federal Surplus Property Program
3366 Remy Drive
P.O. Box 30026
Lansing, Michigan 48909
- TELEPHONE:** (517) 335-9105
- FAX:** (517) 335-9559
- SUMMARY:** The Federal Surplus Property Program assists eligible participants of the program to locate federal surplus property using websites and other means. Assists eligible participants with surplus property transportation to their location. Administrative expenses of the program are covered by a service charge assessed to users of the program for the property received and services provided.
- APPLICABLE FORMS:** DMB-292, Application for Eligibility
DMB-505, Distribution Document
DMB-593, Identification (ID) Card
- PROCEDURES:**
- Federal Surplus Property Program:
- Determines eligibility of applicants.
 - On approval of the agency's Application for Eligibility (DMB-292), will send two identification (ID) cards (DMB-593) to the agency for signature by the designated official.
 - Screens federal surplus property needed by eligible participants of the program.

- Arranges for the allocation of property being requested by the participants.
- Arranges for transportation of federal property from its place of origin to donee's location.
- Sends out electronic bulletins to donees when federal surplus property becomes available.
- Establishes a service charge for property acquired and provides all services necessary for the transfer of property to eligible recipients.
- Performs periodic utilization reviews of property as required by federal regulations.
- Monitors use of property distributed through the program and reports violations of the terms and conditions to the proper federal authorities.
- The Federal Government may impose penalties for violation of the conditions including reimbursement and criminal prosecution.

Agency:

- Terms, conditions, reservations and restrictions for the use of federal surplus property:
 - Personal use of federal property is prohibited.
 - Property must be put into service within one year of the date it is received.
 - Property must be used continuously for a minimum of one year after being put into service with the following exceptions:
 - Non-combat type aircraft and vessels exceeding 50 feet in length shall be used continuously for a minimum of five years after being put into service.
 - Passenger motor vehicles and items with a unit acquisition cost of \$5,000 or more have an 18 month restriction.
 - Combat-type aircraft shall be used in perpetuity after being put into service.
 - At the conclusion of the use restriction period, title to the property shall pass to the recipient. In regard to State agencies, such items will become the property of the State of Michigan. Disposal of any property acquired by state agencies through the Federal Surplus Property Program will be through the Michigan State Surplus Property Program (see Procedure 0340.05). Disposal of any property acquired by non-state government participants is prescribed by Federal Management Regulation 102-37.
- Application instructions:
 - Applications for Eligibility (DMB-292) may be obtained from the Federal Surplus Program Office or on-line at:
http://www.michigan.gov/doingbusiness/0,1607,7-146-6575_6921---,00.html.
 It must be sent to the Program Office along with the name of the person who will be the designated official and individual(s) authorized to complete transactions between the participant and the Federal Surplus Property Program. Upon approval of the application, the participant will receive and fill out two ID cards (DMB-593). The designated official will return one of the ID cards to the Federal Surplus Property Program Office. This card will be placed on file and used for verification purposes. The back of the ID card is designed to allow the designated official to write in the names of additional authorized agency personnel who may obtain property from the Federal Surplus Property Program.

- Only the designated official and authorized agency personnel will be allowed to obtain Federal surplus property.
- The designated official may also request duplicate ID cards for permanent assignment to authorized personnel.
- In all cases, the designated official is responsible for the use of ID cards and the use of the property acquired through the Federal Surplus Property Program.
- Participants are encouraged to search the Federal surplus websites when they have an acquisition requirement.
 - When needed, Federal surplus property is found and allocated to the eligible donee.
 - The Federal Surplus Property Program will prepare a DMB-505 (Distribution Document).
 - The DMB-505 will show the identification number, nomenclature, quantity and service charge for each item transferred to the donee.
 - The donee will be required to sign this form acknowledging transfer and receipt of the property as well as agreeing to comply with the terms, conditions, reservations and restrictions placed on the use of the property.
 - A copy of the DMB-505 will be provided to the donee organization.

Federal Surplus Property Program:

- May require of the agency, a letter of intended use and documentation as to the ability to pay for transportation handling costs in certain cases where property, such as heavy equipment and aircraft, require special processing imposed by the General Services Administration.
- If requested, will maintain a property "want list" for agencies looking for specific items not listed by the Federal Government as surplus. Should an agency property request be placed on a want list, Federal Surplus will search for the desired property and contact the requesting organization when the item has been located or becomes available.

Agency:

- Transportation:
 - It is the responsibility of the receiving organization to pay the shipping charges to the transportation provider directly.
- Service Charges:
 - State agencies: Will be billed through MAIN R*Stars on a monthly basis. State agencies must provide accurate account code information when a purchase or service is provided.
 - Non-state agencies: DMB Financial Services will mail a bill to the organization and collect the service charges.

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